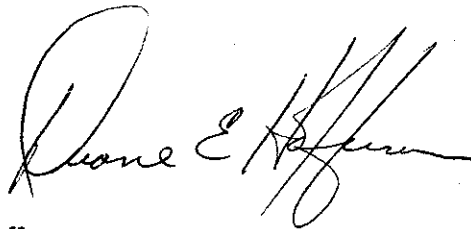


Senators

My contract with the State of Michigan began in June of 1966 when I began working on a fire tower to protect our forests and fields from wildfires. That contract included a tax free pension which would be secured after ten years of satisfactory service to the State. I became vested in 1976 and continued to work in wildfire control until 2002. When I retired my contract was a tax free pension guaranteed by the State Constitution. That constitution contains specific ways to amend or change portions that are believed to need changing and both require a vote by the general electorate of the state. To attempt to make changes other than as specified is not upholding and defending the Constitution in my opinion. Therefore I would urge members of this committee and all Senators to reject the tax on pensions. The Governor has said he wants a fair tax system. One of the principles of a fair tax system is that it not be retroactive in nature, imposed after the deal is made. My deal began in 1966 and was secured in 1976 and finalized in 2002. To tax a pension or portion of a pension and to be fair would require that the eligible pensioner still be working and only the portion going forward from date of passage could be effected.

It has been said that this plan was developed because we have had a structural deficit in our taxation policy in Michigan. The analysis that I have seen on this major tax shift is that the business tax relieve is \$192 million dollars more than the combined tax increases that will be generated by all of the eliminations of deductions and the pension tax. Therefore it does not fix the problem. So some modifications need to take place if the plan is to be successful. I urge you to make those changes by voting not to tax pensions and by reducing the amount of tax relieve to business by the amount needed to completely fix the structural deficit.

A handwritten signature in black ink, appearing to read "Duane E. Hoffman". The signature is fluid and cursive, with a large initial "D" and a stylized "H".

Duane Hoffman

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